

ABSTRACT

This study aims to find out the influence of cash flow pattern, debt to total asset ratio, return on asset, managerial ownership, and institutional ownership to the probability of the company experiencing financial distress. This study use sample from manufacturing sector companies listed on Indonesia Stock Exchange during 2013-2017, which is selected by using purposive sampling method.

The number of samples obtained is 101 with 5 years time of observation then obtained 505 samples. This research was made because there are still difference results between studies. The analysis used logistic regression model with SPSS 25.0 after previously using goodness of fit test to test the feasibility of the data.

The result of this research indicate that cash flow pattern and debt to total asset ratio have significant positive effect on the probability of the company experiencing financial distress. Return on asset and institutional ownership have significant negative effect on the probability of the company experiencing financial distress. Meanwhile managerial ownership have insignificant effect on the financial distress. In this test the result of Nagelkerke R Square is 31,3% and 89,3% for Hosmer and Lemeshow Goodness of Fit.

Keywords: financial distress, cash flow pattern, debt to total asset ratio, return on asset, managerial ownership, and institutional ownership.